STATE OF ARIZONA FILED

SEP 25 2009

DEPARTMENT OF INSURANCE



STATE OF ARIZONA In the Matter of: No. 09A-108-INS NATIONWIDE AUTO WARRANTY CORPORATION ORDER TO CEASE AND DESIST Respondent. The Arizona Department of Insurance ("Department") has received evidence that Respondent has unlawfully offered or issued service contracts and has solicited disability. life and credit life insurance in the State of Arizona. Accordingly, the Director of Insurance of the State of Arizona (the "Director") makes the following Findings of Fact and Conclusions of Law and enters the following Order pursuant to A.R.S. §§ 20-1095.09(B) and 20-292. 1.

FINDINGS OF FACT

- Nationwide Auto Warranty Corporation ("Respondent" or "NAW") is located in Ontario Canada with addresses in Canada and the State of New York and issues service contracts to Arizona residents through its website: www.nationwideautowarranty.com. NAW's address in Canada is: 470 Weber Street North, Waterloo, Ont N2J 4G4. NAW's address in New York is: 1300 Military Road, Kenmore, NY 14217.
- 2. NAW does not hold a permit to offer or issue service contracts in the State of Arizona.
 - 3. NAW is not exempt from the permit requirement.
 - NAW also solicits disability, life and credit life insurance through its website. 4.
 - 5. NAW is not licensed as an insurance producer in the State of Arizona.
 - 6. NAW is not exempt from the license requirement.
- 7. On or about May 26, 2007, NAW issued an Auto Warranty Contract to Sharon Schmeissing ("Schmeissing") covering her automobile she purchased from World Motors in

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in Scottsdale, Arizona. On or about July 23, 2008, Schmeissing filed a Complaint with the Department stating that NAW refused to refund the contract price after she made a request to cancel the contract.

- 8. On June 15, 2009, the Department's Consumer Affairs Division sent a letter to NAW requesting NAW to produce, on June 29, 2009, proof that it is licensed to do business in Arizona along with a list of all Auto warranty contracts sold to Arizona residents..
- 9. On August 31, 2009, the Department's Investigations Division sent a second letter to NAW requesting NAW to produce, on September 22, 2009, proof that it is licensed to do business in Arizona along with a list of all auto warranty contracts sold to Arizona residents and the Articles of Incorporation / Organization for Nationwide Auto Warranty.
- 10. NAW has not responded to the Department's repeated requests for documentation.

CONCLUSIONS OF LAW

- 1. The Director has jurisdiction over this matter.
- 2. Respondent's conduct, as alleged above, constitutes offering and issuing service contracts without a permit, within the meaning of A.R.S. § 20-1095.01(A).
- 3. Respondent is not exempt from the permit requirement, within the meaning of A.R.S. § 20-1095.02(A).
- 4. Service company contracts issued by Respondent are enforceable and valid contracts, within the meaning of A.R.S. §20-1095.05.
- 5. "Solicit" means attempting to sell insurance or asking or urging a person to apply for a particular kind of insurance from a particular company, A.R.S. § 20-281(15).
- 6. Respondent's conduct, as alleged above, constitutes soliciting insurance in this state for any class of insurance without being licensed, a violation of A.R.S. § 20-282.

7. Grounds exist for the Director to order Respondent to cease and desist their violation pursuant to A.R.S. § 20-292.

<u>ORDER</u>

IT IS THEREFORE ORDERED:

- 1. Respondent shall immediately cease and desist from offering or soliciting warranty service contract applications, taking or proposing to make any warranty service contract, taking or receiving any application for warranty service contracts, taking or collecting any premium, fees, commission, or any other consideration for any warranty service contract, issuing or delivering warranty service contracts to residents of this state, or otherwise offering or issuing service contracts to Arizona residents.
- 2. Respondent shall pay all valid claims arising out of acts covered by any and all service contract issued by them to Arizona residents for so long as such claims may legally be brought against the contract holders.
- 3. Respondent shall immediately cease and desist from soliciting any class or classes of insurance in this state until such time that Respondent is licensed for the appropriate line of authority.
- 4. This Order shall become effective immediately and shall remain in full force and effect until otherwise stayed, modified, vacated or set aside.

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NOTICE OF OPPORTUNITY FOR HEARING

Pursuant to Title 20 of the Arizona Revised Statutes, Respondents are hereby notified that they may request a hearing pursuant to A.R.S. § 20-161 to contest the order to cease and desist. Such a request must be in writing and received at the following address within thirty (30) days from the date hereof:

Arizona Department of Insurance 2910 North 44th Street, Suite 210 Phoenix, Arizona 85012 ATTN: Director's Office

Upon receipt of a timely written request for hearing, the Director will issue an order setting the time and place of the hearing.

DATED AND EFFECTIVE this 25 day of Sofembly, 2009.

CHRISTINA URIAS, Director Arizona Department of Insurance

COPY of the foregoing mailed this 25th day of Sept., 2009 to:

Lynette Evans Assistant Attorney General 1275 West Washington Phoenix, Arizona 85007 Attorney for the Department

Nationwide Auto Warranty Attention: Jim Voll, Director 470 Weber Street North Waterloo, Ont N2J 4G4. Respondent

Nationwide Auto Warranty Attention: Jim Voll, Director

470 Weber Street North, Suite 205C Waterloo, Ont N2L 6J2 Respondent

1	Nationwide Auto Warranty Attention: Jim Voll, Director
2	1300 Military Road Kenmore, NY 14217
3	Respondent
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5	Gerrie Marks, Deputy Director Mary E. Kosinski, Exec. Assistant for Reg. Affairs
6	Catherine M. O'Neil, Consumer Legal Affairs Officer Jack Sneathen, Property and Casualty Division
7	Chuck Gregory, Acting Assistant Director Arnold Sniegowski, Investigator
8	Department of Insurance 2910 North 44 th Street, Suite 210
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10	Rust
-11	Curvey Walters Burton
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